

**NATIONAL COLLEGIATE PREPARATORY
PUBLIC CHARTER HIGH SCHOOL**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR’S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses, Year Ended June 30, 2019	5
Statement of Functional Expenses, Year Ended June 30, 2018	6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 14
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15 -16
SUPPLEMENTAL SCHEDULES REQUIRED BY DCPCSB	
Supplemental Schedule of Vendors paid over \$25,000, Year Ended June 30, 2019	17
Supplemental Schedule of Vendor Contracts Awarded for over \$25,000, Year Ended June 30, 2019	18



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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Board of Trustees
National Collegiate Preparatory Public Charter High School
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of National Collegiate Preparatory Public Charter High School, a nonprofit organization, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Collegiate Preparatory Public Charter High School as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 on our consideration of National Collegiate Preparatory Public Charter High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of National Collegiate Preparatory Public Charter High School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering National Collegiate Preparatory Public Charter High School's internal control over financial reporting and compliance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules on pages 17-18, as required by D.C. Public Charter School Board ("DCPCSB"), are the responsibility of management, are presented for the purpose of additional analysis and not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Subsequent Event

As discussed in Note I to the financial statements, the School's charter was revoked effective June 30, 2020 and the School operations will close down subsequent to that date. Our opinion is not modified with respect to that matter.

Janet Mauer & M. Quade PA

Washington, DC
November 22, 2019

**NATIONAL COLLEGIATE PREPARATORY
PUBLIC CHARTER HIGH SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 322,305	\$ 550,439
Grants receivable	117,620	139,796
Accounts receivable	-	12,777
Prepaid expenses	16,456	21,457
Total Current Assets	<u>456,381</u>	<u>724,469</u>
PROPERTY AND EQUIPMENT, NET	112,096	117,209
OTHER ASSETS		
Certificate of deposit	6,418	6,359
Deposits	15,000	15,000
Total Other Assets	<u>21,418</u>	<u>21,359</u>
TOTAL ASSETS	<u><u>\$ 589,895</u></u>	<u><u>\$ 863,037</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 86,110	\$ 176,657
Accrued expenses	8,218	10,218
Deferred revenue	8,125	6,152
Total Liabilities	<u>102,453</u>	<u>193,027</u>
NET ASSETS		
Without donor restrictions	<u>487,442</u>	<u>670,010</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 589,895</u></u>	<u><u>\$ 863,037</u></u>

The accompanying notes are an integral part of these financial statements

**NATIONAL COLLEGIATE PREPARATORY
PUBLIC CHARTER HIGH SCHOOL
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
REVENUE AND SUPPORT		
Per pupil appropriations	\$ 4,437,348	\$ 4,801,684
Per pupil facility allowance	815,750	881,193
Federal entitlements and grants	578,864	529,795
Activity fees	7,779	20,427
Other grants and contributions	19,260	103,873
Interest income	59	16
Other income	6,066	16,632
Total Revenue and Support	<u>5,865,126</u>	<u>6,353,620</u>
EXPENSES		
Program services	5,284,824	5,321,619
General and administrative	762,870	970,433
Total Expenses	<u>6,047,694</u>	<u>6,292,052</u>
CHANGE IN NET ASSETS	(182,568)	61,568
NET ASSETS		
Without donor restrictions, beginning of year	<u>670,010</u>	<u>608,442</u>
Without donor restrictions, end of year	<u><u>\$ 487,442</u></u>	<u><u>\$ 670,010</u></u>

The accompanying notes are an integral part of these financial statements

**NATIONAL COLLEGIATE PREPARATORY
PUBLIC CHARTER HIGH SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services	General and Administrative	Total
Personnel, Salaries, and Related Expenses:			
Salaries	\$ 2,500,413	\$ 471,850	\$ 2,972,263
Employee benefits	254,430	49,237	303,667
Payroll taxes	194,324	37,605	231,929
Professional development	15,090	-	15,090
Travel and meetings	8,993	-	8,993
Other staff expenses	42,827	-	42,827
Total Personnel, Salaries and Related Expenses	<u>3,016,077</u>	<u>558,692</u>	<u>3,574,769</u>
Direct Student Costs:			
Supplies and materials	24,279	-	24,279
Contracted instruction fees	134,935	-	134,935
Textbooks	1,902	-	1,902
Student assessments	50,623	-	50,623
Uniforms	3,103	-	3,103
Student recruiting	19,452	-	19,452
Food service	180,319	-	180,319
Other student costs	243,384	-	243,384
Total Direct Student Costs	<u>657,997</u>	<u>-</u>	<u>657,997</u>
Occupancy:			
Rent	803,924	17,572	821,496
Maintenance and repairs	9,359	44	9,403
Total Occupancy Expenses	<u>813,283</u>	<u>17,616</u>	<u>830,899</u>
Office Expenses:			
Office supplies and materials	12,437	59	12,496
Equipment rental	27,436	129	27,565
Telecommunications	46,256	217	46,473
Professional fees	549,424	119,402	668,826
Printing and publications	488	2	490
Postage and shipping	2,432	11	2,443
Computer and related	36,528	171	36,699
Other office expenses	495	1	496
Total Office Expenses	<u>675,496</u>	<u>119,992</u>	<u>795,488</u>
General Expenses:			
Insurance	19,028	89	19,117
Authorizer fees	-	53,861	53,861
Depreciation	65,989	310	66,299
Fees and licenses	30,076	140	30,216
Administration fees	-	12,138	12,138
Other general expenses	6,878	32	6,910
Total General Expenses	<u>121,971</u>	<u>66,570</u>	<u>188,541</u>
TOTAL EXPENSES	<u><u>\$ 5,284,824</u></u>	<u><u>\$ 762,870</u></u>	<u><u>\$ 6,047,694</u></u>

The accompanying notes are an integral part of these financial statements

**NATIONAL COLLEGIATE PREPARATORY
PUBLIC CHARTER HIGH SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

	Program Services	General and Administrative	Total
Personnel, Salaries, and Related Expenses:			
Salaries	\$ 2,492,549	\$ 616,621	\$ 3,109,170
Employee benefits	296,294	75,438	371,732
Payroll taxes	201,692	51,352	253,044
Professional development	17,705	-	17,705
Travel and meetings	20,159	-	20,159
Other staff expenses	43,700	-	43,700
Total Personnel, Salaries and Related Expenses	3,072,099	743,411	3,815,510
Direct Student Costs:			
Supplies and materials	40,920	-	40,920
Contracted instruction fees	153,124	-	153,124
Textbooks	10,880	-	10,880
Student assessments	71,682	-	71,682
Uniforms	15,765	-	15,765
Student recruiting	23,768	-	23,768
Food service	180,124	-	180,124
Other student costs	304,535	-	304,535
Total Direct Student Costs	800,798	-	800,798
Occupancy:			
Rent	877,078	15,615	892,693
Maintenance and repairs	3,664	17	3,681
Total Occupancy Expenses	880,742	15,632	896,374
Office Expenses:			
Office supplies and materials	19,754	92	19,846
Equipment rental	32,268	152	32,420
Telecommunications	33,892	159	34,051
Professional fees	328,469	115,793	444,262
Printing and publications	8,378	39	8,417
Postage and shipping	3,807	18	3,825
Computer and related	44,445	209	44,654
Other office expenses	353	2	355
Total Office Expenses	471,366	116,464	587,830
General Expenses:			
Insurance	18,436	87	18,523
Authorizer fees	-	55,239	55,239
Depreciation	62,775	294	63,069
Fees and licenses	15,403	72	15,475
Other general expenses	-	39,234	39,234
Total General Expenses	96,614	94,926	191,540
TOTAL EXPENSES	\$ 5,321,619	\$ 970,433	\$ 6,292,052

The accompanying notes are an integral part of these financial statements

**NATIONAL COLLEGIATE PREPARATORY
PUBLIC CHARTER HIGH SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (182,568)	\$ 61,568
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	66,299	63,069
Interest reinvested	(59)	(26)
(Increase) decrease in assets:		
Grants receivable	22,176	(61,026)
Accounts receivable	12,777	20,936
Prepaid expenses	5,001	26,391
Increase (decrease) in liabilities:		
Accounts payable	(90,547)	(225,475)
Accrued expenses	(2,000)	3,119
Deferred revenue	1,973	(6,734)
Net Cash Used For Operating Activities	<u>(166,948)</u>	<u>(118,178)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(61,186)</u>	<u>(48,516)</u>
Net Cash Used For Investing Activities	<u>(61,186)</u>	<u>(48,516)</u>
NET DECREASE IN CASH	(228,134)	(166,694)
CASH, beginning of year	<u>550,439</u>	<u>717,133</u>
CASH, end of year	<u><u>\$ 322,305</u></u>	<u><u>\$ 550,439</u></u>

The accompanying notes are an integral part of these financial statements

NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE A – NATURE OF THE ORGANIZATION

The National Collegiate Preparatory Public Charter High School (the “School”) was incorporated in July 2008 as a public charter school located in Washington, D.C. The School is a 9th-12th grade college preparatory high school that serves students in Washington, D.C. The School combines challenging academics with real-world experiences to prepare students for high school achievement, post-secondary success, and global citizenship.

On August 17, 2009, the School entered into a 15-year Charter School Agreement with the D.C. Public Charter School Board (“DC PDSB”). The School has a guaranteed funding stream from the District of Columbia (uniform per student funding) and the U.S. federal government (federal formula grants for education and other programs) provided it meets compliance requirements. A D.C. public charter school is considered a Local Educational Agency under federal education programs. As a D.C. public charter school, the School enjoys significant freedom from the budget and operational restrictions placed on traditional public schools, allowing it to create a unique educational mission and approach.

On January 22, 2019, the DC PCS Board voted to revoke the charter of the School effective on the last day of the 2019-20 school year, June 30, 2020 (see Note I).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The School’s financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Adoption of New Accounting Pronouncement

For the year ended June 30, 2019, the School adopted the Financial Accounting Standards Board’s Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the change to the net assets classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic *Not-for-Profit-Entities*. In accordance with the topic, the School is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the School and/or the passage of time or must be maintained by the School permanently. When a restriction expires, with donor restrictions net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Accounts and Grants Receivable

Accounts and grants receivable are recorded when billed or accrued and represent claims against third parties. The School performs ongoing credit evaluations of its funding sources and generally does not require collateral. Grants receivable are reported net of an allowance for doubtful accounts, if any. The allowance, if any, is estimated based on historical collection trends, the age of outstanding receivable and existing economic conditions. If actual experience changes, revisions to the allowance may be necessary. Due to the nature of funding from the federal government and the District of Columbia, management believes that all receivables will be collected within one year. Therefore, no allowance for doubtful accounts has been recorded. Accounts receivable related to activity fees are recognized at the time the activity had occurred.

Property and Equipment

The School capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment acquired are recorded at cost or, if donated, at the approximate fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Maintenance and repairs which do not improve or extend the life of the respective asset are charged to expense when incurred.

NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Certificate of Deposit

The School has a certificate of deposit with an original maturity of thirteen months that is valued at cost.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period in which the promise is received. Grants are recognized as revenue in the period in which such promises or agreements are made. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions received with donor restrictions are recorded as revenue with donor restrictions based on the donor's intent. When a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Federal entitlements and grants are recognized during the period in which the work is performed. Accordingly, grant funds received in the current fiscal year, for work to be performed in the next fiscal year are recorded as deferred revenue.

The School receives a student allocation on a per pupil basis from the District of Columbia to cover the cost of academic expenses. Per Pupil appropriated revenue is recognized during the period for which the associated education services are provided. Per pupil appropriations includes \$1,174,747 and \$1,235,885 for enhancements, such as special education and at risk students, for the years ended June 30, 2019 and 2018, respectively.

Activity fees are recognized at the time of the activity. This revenue represents amounts collected from students for, but not restricted to, field trips, meals, camps and other school related activities.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office, and occupancy, which are allocated on the basis of salaries and related costs determined by the estimated time expended.

NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications

For comparative purposes, certain amounts for the year ended June 30, 2018, have been reclassified to conform to the current year presentation. The reclassification had no effect on previously reported net assets or change in net assets.

NOTE C – INCOME TAXES

The School is a 501(c)(3) tax-exempt organization under Section 501(a) of the Internal Revenue Code. The School is, however, subject to tax on business income unrelated to its exempt purpose. The School files information returns as required.

The School believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The School's information returns are subject to examination by the Internal Revenue Service ("IRS") for a period of three years from the date they were filed, except under certain circumstances. The Form 990 information returns for the years ending June 30, 2016 through 2018 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

The School regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to prudently invest available funds. The School's sources of liquidity at its disposal include cash, certificate of deposit, and receivables.

NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

In addition to financial assets available to meet general expenditures over the next 12 months, the School anticipates collecting sufficient revenue to cover general expenditures. The following reflects the School's financial assets as of June 30:

	<u>2019</u>	<u>2018</u>
Cash	\$ 322,305	\$ 550,439
Current receivables	117,620	152,573
Certificate of deposit	6,418	6,359
Total Financial Assets	<u>446,343</u>	<u>709,371</u>
Total Financial Assets Available to meet Cash Needs for General Expenditures Within One Year	<u>\$ 446,343</u>	<u>\$ 709,371</u>

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 493,603	\$ 488,414
Computer equipment	385,004	329,007
Total	878,607	817,421
Less accumulated depreciation	(766,511)	(700,212)
Total Property and Equipment, Net	<u>\$ 112,096</u>	<u>\$ 117,209</u>

Depreciation expense for the years ended June 30, 2019 and 2018 totaled \$66,299 and \$63,069, respectively.

NOTE F – CONCENTRATIONS OF RISKS

The School is supported primarily by local and federal appropriations and local grants. For the years ended June 30, 2019 and 2018, 100% and 98%, respectively of total revenue was provided by government agencies. Reduction of this source of support would have a significant impact on the School's programs and activities.

NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE F – CONCENTRATIONS OF RISKS – continued

The School maintains cash balances at financial institutions deemed to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. Cash balances may, at times exceed the federally insured limit; however, the School believes it is not exposed to any significant credit risk on cash or cash equivalents.

NOTE G – LEASE COMMITMENTS

The School entered into a lease agreement in August 2012 with the Charter School Incubator Initiative originally scheduled to terminate on June 30, 2017. However, the lease agreement contains an option to extend and renew the term for three additional and consecutive five-year option terms. This lease was terminated as of June 30, 2019.

In accordance with the terms of the lease, the School is required to pay a usage fee, or rent, determined with respect to the number of students enrolled. The total annual usage fee is equal to the number of students enrolled on each census date (every October) multiplied by the per pupil facilities allowance received by the School from the District of Columbia, less amounts withheld under the terms of the lease. Accordingly, the School cannot reasonably estimate its future minimum lease liability under the terms of the lease; however, usage fees cannot exceed the facilities allowance received from the District of Columbia, a guaranteed funding source. Rent expense for the years ended June 30, 2019 and 2018 totaled \$821,496 and \$892,693, respectively.

The School entered into an annually renewable lease agreement in July 2019 with the Charter School Incubator Initiative, for its current space.

NOTE H – COMMITMENTS AND CONTINGENT LIABILITIES

The School receives revenue from government grants and contracts that are subject to inspection and audit by the appropriate funding agency. The purpose of those inspections or audits is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The School is of the opinion that disallowance, if any, arising from such inspections or audits will not have a material effect on the financial statements. The School has no provisions for possible disallowance of program costs on its financial statements.

NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE I – DISSOLUTION OF THE SCHOOL

On January 22, 2019, the District of Columbia Public Charter School Board (“DCPCSB”) voted to revoke the charter of the School, effective on the last day of the 2019-20 school year, June 30, 2020. For the school year 2020 and effective January 23, 2019, the school was not allowed to enroll any additional students and the only instruction provided was to grades ten through twelve. DCPCSB provided the School with an interim monitoring plan dated May 24, 2019. Under the plan DCPCSB will monitor several financial, staff and student performance indicators to ensure that the School is best meeting the needs of students while preparing to close the School by June 30, 2020.

The School has not adopted a formal plan to wind down its operations, dispose of equipment and other assets. It is anticipated that the School will continue to operate through June 30, 2020 and then enter a transition phase of about six months to settle its affairs. Since a formal plan of dissolution has not been adopted, it is not possible to estimate the manner in which assets will be disposed, if there will be a transition to another School or the amount and nature of the costs of closure. Accordingly, no provision for closing costs has been recorded.

NOTE J – SUBSEQUENT EVENTS

In preparing these financial statements, the School’s management has evaluated events and transactions for potential recognition or disclosure through November 22, 2019, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required recognition or further disclosure.



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**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Trustees
National Collegiate Preparatory Public Charter High School
Washington, DC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Collegiate Preparatory Public Charter High School (the "School"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Trustees
National Collegiate Preparatory Public Charter High School

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jane Marissa & M. Quade PA

Washington, DC
November 22, 2019

**SUPPLEMENTAL SCHEDULES REQUIRED
BY DCPCSB**

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL
SUPPLEMENTAL SCHEDULE OF VENDORS PAID OVER \$25,000
YEAR ENDED JUNE 30, 2019**

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Amount Paid</u>
All Seasons Transportation	Bus Transportation	\$ 51,240
Amtrust North America	Insurance	25,367
Charter School Incubator Initiative	Rent	728,806
DC Health Link	Health Insurance	366,063
DC Public Charter School Board	Authorization Fee	53,861
EDOPS	Financial Services	89,025
Marcus Firm, PLLC	Legal Services	148,815
Marriott	Venue for Student Event	29,096
McGee Technology Group LLC	Computer and Technology Support Services	34,375
Revolution Foods, Inc	Student Meal Service	107,138
SanKofa Consulting Inc. (Nigel Jackson)	Student Counseling Services	106,474
The MECCA Group	Contracted SpEd Services	32,244

Note: The above schedule includes all vendors/contractors paid equal to or greater than \$25,000 for which either a formal contract was executed or no formal contract was entered into, executed or negotiated.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL
SUPPLEMENTAL SCHEDULE OF VENDOR CONTRACTS AWARDED OVER \$25,000
YEAR ENDED JUNE 30, 2019**

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Approximate</u>
NONE		

Note: The above schedule includes only those contracts entered into by the School as of June 30, 2019 for services that will be equal to or more than \$25,000 over the term of the contract, services have not begun, nor had anything been paid as of June 30, 2019.